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LAW OFFICES

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INCORPORATED

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(1930-1993)

MICHAEL W. BOEHM  
(1944-1996)

ALVIN O. MOORE  
(1912-1998)

REC'D TN  
REGULATORY AUTH.

'89 SEP 20 PM 12 20

EXECUTIVE SECRETARY

RECEIVED  
ADMINISTRATIVE

SEP 17 1999

September 16, 1999 TN REGULATORY AUTHORITY

MEL G. CLEMENTS, P.C.  
PALMER OFFICE  
(931) 779-5333

JR

RECEIVED  
ADMINISTRATIVE

SEP 16 1999

TN REGULATORY AUTHORITY

99-00693

**VIA OVERNIGHT DELIVERY**

Mr. K. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

In re: Application of Chattanooga Gas Company to Abandon Service  
to E. I. DuPont de Nemours Company

Dear Mr. Waddell:

We are enclosing herewith 15 copies of an Application of Chattanooga Gas Company to Abandon Service to E. I. DuPont de Nemours Company along with our check in the amount of \$25.00 to cover the filing cost of this petition. We request that this petition be filed with the Tennessee Regulatory Authority and a docket number assigned in your ordinary course of handling these matters.

We are also enclosing a duplicate copy of this letter on which we request that you acknowledge the receipt and filing of the Application and return it to us for our records.

We have served copies of the petition on the parties indicated in the Certificate of Service, officials for DuPont and the Consumer Advocate's Office, all as interested parties.

Please advise when this matter may be brought before the Authority for disposition.

Very truly yours,

SPEARS, MOORE, REBMAN & WILLIAMS

*William L. Taylor*  
William L. Taylor, Jr.

**FILE**

WLT:jcb  
Enclosures

September 16, 1999  
Page 2

cc.: Mr. Hal Novak  
Atlanta Gas Light Company  
P. O. Box 4569  
Atlanta, Georgia 30302

Mr. Earl Burton  
Chattanooga Gas Company  
6125 Preservation Drive  
Chattanooga, Tennessee 37416

Mr. Vincent Williams  
Consumer Advocate Division  
Office of the Attorney General  
450 James Robertson Parkway  
Nashville, Tennessee 37243-0485

Mr. G. M. Pinto  
Gas Marketing  
600 North Dairy Ashford  
P. O. Box 2197, CH1081  
Houston, Texas 77252-2197

Mr. Jerry Violette  
Plant Manager, Chattanooga Plant  
E. I. DuPont de Nemours Company  
4501 Access Road  
Chattanooga, Tennessee 37415

**BEFORE THE TENNESSEE REGULATORY AUTHORITY**  
**NASHVILLE, TENNESSEE**

IN RE: CHATTANOOGA GAS COMPANY )

APPLICATION TO ABANDON SERVICE )  
TO E. I. DUPONT deNEMOURS COMPANY )  
AND TO OFFER FUTURE SERVICE )  
UPON NEGOTIATED, NON-REGULATED )  
PRICES )

SEP 20 PM 12 20

DOCKET NO. 99-00693

EXECUTIVE SECRETARY

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APPLICATION OF CHATTANOOGA GAS COMPANY  
TO ABANDON SERVICE TO E. I. DUPONT deNEMOURS COMPANY

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Chattanooga Gas Company (Chattanooga) respectfully requests the Tennessee Regulatory Authority (Authority) to approve Chattanooga Gas Company to abandon all jurisdictional natural gas sales and transportation services to E. I. DuPont deNemours Company (DuPont) in the jurisdictional area of Chattanooga Gas Company pursuant to Tennessee Code Annotated Section 65-4-114(2) and (2) to authorize any future natural gas sales or transportation services that may be requested by DuPont from Chattanooga to be upon a negotiated, non-regulated price and other terms of service. This request is premised upon the following:

I.

The names and addresses of the persons to whom any notices or other communications with respect to this Petition are to be sent are as follows:

Harry Thompson, President  
Chattanooga Gas Company  
6125 Preservation Drive  
Chattanooga, Tennessee 37416  
Telephone: (423) 490-4232

Hal Novak  
Atlanta Gas Light Company  
P. O. Box 4569  
Atlanta, Georgia 30302  
Telephone: (404) 386-3399

William L. Taylor, Jr.  
Spears, Moore, Rebman & Williams  
801 Broad Street, 6<sup>th</sup> Floor  
P. O. Box 1749  
Chattanooga, Tennessee 37401-1749  
Telephone: (423) 756-7000

II.

Chattanooga is incorporated under the laws of the State of Tennessee and is engaged in the business of transporting, distributing and selling natural gas in Hamilton and Bradley Counties within the State of Tennessee and surrounding environs. Chattanooga is a public utility established under the laws of the State of Tennessee and its public utility operations are subject to the jurisdiction of this Authority.

III.

Based upon information and belief, DuPont Company is a Delaware corporation which operates a manufacturing plant located in Hamilton County, Tennessee.

IV.

Chattanooga currently provides natural gas services to DuPont at its Hamilton County plant under the terms of Chattanooga's jurisdictional tariff TRA No. 1, Schedule T-1, dated October 12, 1998. On or about August 20, 1998, DuPont notified Chattanooga that it intended to bypass Chattanooga by constructing a pipeline from its plant to a new direct point of interconnection with East Tennessee Natural Gas Company (East Tennessee). Chattanooga has utilized its best efforts to avoid this bypass by negotiating with DuPont to retain it as a customer; but, DuPont has demonstrated an unwillingness to negotiate and is pursuing the bypass.

V.

On or about February 17, 1999, East Tennessee filed with the Federal Energy Regulatory Commission (FERC) a Notice of Request Under Blanket Authority in which authority is sought to

install and operate a new delivery point in Hamilton County for DuPont which would enable DuPont to bypass Chattanooga. The subject filing states in part:

“ . . . East Tennessee requests authorization to install a 4-inch tap, check valve, approximately 50 feet of 4-inch diameter interconnecting pipe, and electronic gas measurement equipment to provide natural gas service to DuPont. The new tap will be located on an existing lateral line, near Milepost 3213-1-2.7, in Hamilton County, Tennessee. The estimated cost of installing this project is \$59,400 which will be reimbursed fully by DuPont.”

#### VI.

Chattanooga now seeks permission from the Authority to abandon all jurisdictional natural gas service to DuPont in Hamilton County, Tennessee. Chattanooga would further seek permission, that in the event DuPont desires to purchase natural gas services in the future, Chattanooga would provide such service, at its option, under competitive negotiated terms and conditions as the parties may at that time agree. If DuPont is successful in achieving the bypass of Chattanooga's distribution system, DuPont would by virtue of the bypass have available a direct and competitive alternative to Chattanooga's public utility natural gas service. DuPont would have competitive and available natural gas supply for all of its needs which will establish a workable competitive environment for its firm and interruptible gas requirements through a direct tie to East Tennessee's interstate pipeline system.

#### VII.

DuPont has voluntarily selected not to purchase gas or transportation services from Chattanooga; consequently, it cannot in good faith contend that it would be harmed by the granting of this request for abandonment of service by Chattanooga. Chattanooga submits that the relief sought in this Petition is in the public interest and that neither the abandonment of service nor the deregulation of any future services by Chattanooga to DuPont would unfairly burden DuPont. The principles of regulation of industrial sales and transportation of gas have classically been justified on the ground that an LDC in providing such services acts as a monopoly. Since DuPont's ability

to bypass Chattanooga reflects that no such monopoly now exists with respect to DuPont's sales and transportation services from Chattanooga, there is no longer any need for the regulation of such services. In fact, DuPont has the ability to obtain such services on the open market from other suppliers of gas and transportation services as reflected by the bypass option and other marketers of similar commodities and services. Thus, if DuPont is successful in bypassing Chattanooga, any future services or sales rendered by Chattanooga to DuPont are subject to competition and the current market conditions as any other competitive service. Such competition would obviously be provided through the bypass connection to East Tennessee and with alternative fuels. Under such circumstances, DuPont would be free to purchase gas and transportation services from other parties at freely negotiated terms and conditions thereby no longer justifying the regulation of Chattanooga's right to provide such service to DuPont but to the contrary if regulation were continued, Chattanooga would be at a disadvantage in being unable to compete for DuPont's business.

#### VIII.

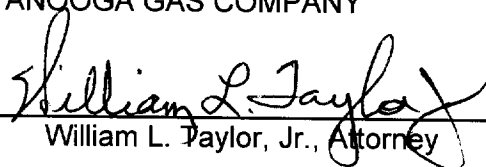
Chattanooga would show that the Authority has the power to grant the relief requested in this application. Tennessee Code Annotated Section 65-4-114(2) specifically authorizes the Authority to have the "power, after hearing upon notice by order in writing, to require every public utility . . . to abandon any service when, in the judgment of the Authority, the public welfare no longer requires the same."

For the reasons set forth above, Chattanooga respectfully requests the Authority to grant it permission (1) to abandon all jurisdictional natural gas sales and transportation services to DuPont Company in Hamilton County, Tennessee and (2) to provide any future natural gas sales or transportation services that may be requested by DuPont and agreed to by Chattanooga upon negotiated, non-regulated prices and other similar terms of service.

Respectfully submitted, this the 16 day of September, 1999.

CHATTANOOGA GAS COMPANY

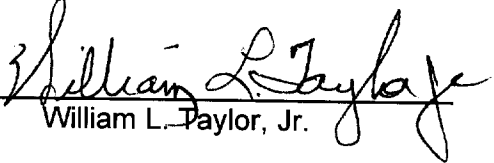
By: \_\_\_\_\_

  
William L. Taylor, Jr., Attorney

**VERIFICATION**

STATE OF TENNESSEE  
COUNTY OF HAMILTON

William L. Taylor, Jr., being duly sworn, deposes and says that he is attorney for Chattanooga Gas Company; and that, as such, he has read the foregoing Petition and knows the contents thereof; that the same are true of his own knowledge, except as to those matters stated on information and belief and to those he believes them to be true.

  
\_\_\_\_\_  
William L. Taylor, Jr.

Sworn to and subscribed before me  
this 16<sup>th</sup> day of September, 1999.

  
\_\_\_\_\_  
Notary Public

My commission expires: 9402



**CERTIFICATE OF SERVICE**

I hereby certify that I have served a copy of the foregoing Application on:

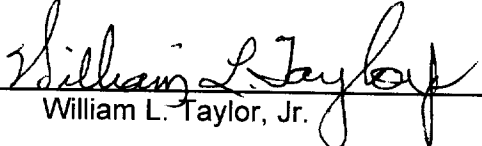
Mr. Jerry Violette  
Plant Manager, Chattanooga Plant  
E. I. DuPont de Nemours Company  
4501 Access Road  
Chattanooga, Tennessee 37415

Mr. G. M. Pinto  
Gas Marketing  
600 North Dairy Ashford  
P. O. Box 2197, CH1081  
Houston, Texas 77252-2197

Vincent Williams  
Consumer Advocate Division  
Office of the Attorney General  
Cordell Hull Building  
426 5<sup>th</sup> Avenue North  
Nashville, Tennessee 37243

by placing a copy of same in an envelope, postage prepaid and placed in the U.S. Mail.

This the 16<sup>th</sup> day of September, 1999.

  
\_\_\_\_\_  
William L. Taylor, Jr.